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JUN 29 2005

June 27, 2005

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

RE: Equitable Gas Company
Case No. 2005-00269
GCR Filing Proposed to Become
Effective August 1, 2005

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Equitable Gas Company's (Equitable) Gas Cost Recovery (GCR) filing for the calendar quarter ended April 30, 2005, for rates proposed to become effective August 1, 2005. Also included are an original and five copies of One-Hundred-Tenth Revised Sheet No. 2 and One-Hundred Second Revised Sheet No. 5, to Equitable's PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment Provision of that Tariff.

This filing proposes a GCR rate of \$12.3155 per Mcf of sales, an increase of \$1.0180 per Mcf from the current PGA, which was approved in Case No. 2005-00127 effective May 1, 2005.

For the purpose of forecasting its (EGC), Equitable is assuming purchases based on the Appalachian Index price of gas for Columbia Transmission. This price is developed by averaging the estimated cost of gas over 3 months beginning August 2005 and adding an additional \$0.27 Basis.

Schedule 1 of the filing is a summary of the proposed PGA rate components. Schedule 2 is a summary of the expected gas costs based on purchases for the 12 months ended April 2005. Schedule 3 is a listing by month of Equitable's sales to its customer's for the 12 months ended April 2005.

Schedules 4 and 5 are summaries of ACA components, which are presently unreconciled.

Yours truly,

Robert M. Narkevic
Manager, Rates

Enclosures

EQUITABLE GAS COMPANY
A DIVISION OF EQUITABLE RESOURCES, INC.
200 ALLEGHENY CENTER MALL
PITTSBURGH, PA 15212-5352

ONE HUNDRED TENTH REVISED SHEET NO. 2
CANCELING
ONE HUNDRED NINTH REVISED SHEET NO. 2
P.S.C.K.Y. NO. 1

RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Equitable Gas Company's service area.

Rate:

Customer Service Charge: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$12.3155 per MCF		\$14.4477	(I)

The minimum monthly bill shall be \$7.50.

*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:

- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Equitable Gas Company's supplier and all gas sold hereunder is made available by said supplier. Equitable shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Equitable's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

(I) Denotes Increase.

ISSUED: June 27, 2005

EFFECTIVE: August 1, 2005

D. L. Frutchey
Senior Vice President

PURCHASED GAS ADJUSTMENT CLAUSE
(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e., $GCR = EGC + RA + ACA + BA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	10.7495	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	1.1334	(I)
Balance Adjustment (BA)	<u>0.4326</u>	(I)
Total Gas Cost Recovery Rate per Mcf	12.3155	(I)

(I) Denotes Increase.

ISSUED: June 27, 2005

EFFECTIVE: August 1, 2005

D. L. Frutchey
Senior Vice President

Equitable Gas Company
Kentucky Division

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period August 1, 2005 through October 31, 2005

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	10.7495
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	1.1334
4	Balance Adjustment (BA)	\$/Mcf	<u>0.4326</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>12.3155</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	2,676,582 (a)
7	Total Annual Sales	Mcf	<u>248,996 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>10.7495</u></u>
 <u>Supplier Refund Adjustment Summary</u>			
9	Current Quarter Refund Adjustment	\$/Mcf	0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf	<u>0.0000 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	0.4299 (g)
15	Previous Quarter Adjustment	\$/Mcf	0.6315 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.0262) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	0.0982 (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>1.1334</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	0.1730 (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0625) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	0.0066 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	0.3155 (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>0.4326</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during February 2005 through April 2005.

(d) As approved in Case No. 2005-00127.

(e) As approved in Case No. 2004-00512.

(f) As approved in Case No. 2004-00386.

(g) See Schedule 4.

(h) See Schedule 5.

Equitable Gas Company
Kentucky Division

Calculation of Expected Gas Cost Based on Purchases
for the Twelve Months Ended April 2005 At Supplier
Costs Estimated to Become Effective August 1, 2005

	<u>Purchases</u> (1) Mcf	<u>Purchases</u> (2) Dth	<u>Average Rate</u> (3) \$/Dth (a)	<u>Annual Cost</u> (4) \$ (2) x (3)
<u>PURCHASES</u>				
1 May 2004	9,845	11,051	8.7806	97,034
2 June	6,030	7,307	8.7806	64,160
3 July	4,565	5,845	8.7806	51,323
4 August	4,963	6,148	8.7806	53,983
5 September	4,550	6,293	8.7806	55,256
6 October	7,305	8,661	8.7806	76,049
7 November	8,280	10,956	8.7806	96,200
8 December	40,732	52,191	8.7806	458,268
9 January 2005	47,781	61,039	8.7806	535,959
10 February	51,572	61,229	8.7806	537,627
11 March	39,706	46,379	8.7806	407,235
12 April	23,667	27,730	8.7806	243,486
13 Total	<u>248,996</u>	<u>304,829</u>	<u>-</u>	<u>2,676,582</u>

(a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.72065/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Equitable Gas Company
Kentucky Division

Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	May 2004	9,845
2	June	6,030
3	July	4,565
4	August	4,963
5	September	4,550
6	October	7,305
7	November	8,280
8	December	40,732
9	January 2005	47,781
10	February	51,572
11	March	39,706
12	April	23,667
13	Total	<u>248,996</u>

Equitable Gas Company
Kentucky Division

Calculation of Actual Cost Adjustment for the Period
February 2005 through April 2005

<u>Description</u>	<u>Unit</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	61,229	46,379	27,730	135,338
2 Supply Cost Per Books	\$	532,128	410,079	277,766	1,219,973
3 Sales Volume	Mcf	51,572	39,706	23,667	114,945
4 EGC Rate in Effect (a)	\$/Mcf	9.6823	9.6823	9.6823	
5 EGC Revenue (Line 3 x Line 4)	\$	499,337	384,445	229,151	1,112,933
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(32,791)	(25,634)	(48,615)	(107,040)
7 Total Current Quarter Actual Cost to be included in rates					(107,040)
8 Sales for the 12 Months Ended April 2005					248,996
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.4299

(a) Approved in Case No. 2004-00512.

Equitable Gas Company
Kentucky Division

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Period May 2004 through April 2005

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2003-00493				(177,070)
<u>Actual</u>				
May 2004	9,845	0.5381	5,297	(171,772)
June	6,030	0.5381	3,245	(168,528)
July	4,565	0.5381	2,456	(166,071)
August	4,963	0.5381	2,671	(163,401)
September	4,550	0.5381	2,449	(160,952)
October	7,305	0.5381	3,931	(157,021)
November	8,280	0.5381	4,455	(152,566)
December	40,732	0.5381	21,918	(130,648)
January 2005	47,781	0.5381	25,711	(104,937)
February	51,572	0.5381	27,751	(77,186)
March	39,706	0.5381	21,366	(55,820)
April	23,667	0.5381	12,735	(43,085)
Total	<u>248,996</u>		<u>133,985</u>	
Estimated Annual Sales				248,996 Mcf
Balancing Adjustment (\$43,085 ÷ 248,996 Mcf)				\$0.1730 /Mcf

Equitable Gas Company
Kentucky Division

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	13.4297	11.2975	12.3155	1.0180	14.4477

(a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.

(b) Rate approved by the Commission at Case No. 2005-00127.